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RR RUEHWEB

DE RUEHEG #0258/01 0430755
ZNR UUUUU ZZH
R 120755Z FEB 09
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC 1622
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS CAIRO 000258

SENSITIVE

SIPDIS

E.O. 12958: N/A

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SUBJECT: Egypt: Tepid Responses to Growing Labor Woes

1. (SBU) SUMMARY: Egypt is suffering from a chronic labor mismatch between market supply and demand. Despite several years of high economic growth, unemployment remains a problem, and there is a scarcity of skilled workers.
2. (U) Despite having long ago abandoned guaranteed employment for all university graduates, the Government of Egypt has taken few steps to improve the labor market.
3. (U) In a recent conference on Egyptian human resource issues, Aisha Abdel Hadi, Minister of Manpower and Migration, conceded that there were significant labor market imbalances.
4. (U) Egypt has the largest labor pool in the Middle East and North Africa, accounting for 22% of the region's workforce. Heba Nassar, an economic expert, notes that the labor market is not functioning efficiently.
5. (U) According to the Egyptian government, there are 5,000 vocational training centers, though according to private sector sources, much of the training is outdated.
6. (U) Expatriate Egyptians working in the US, Europe, and the Gulf are a critical part of the workforce. An estimated 2 million Egyptians work abroad, sending back significant remittances.
7. (U) This situation highlights out another gap in the GOE's labor management. Unlike many exporters of labor, Egypt has very little active manpower management.
8. (SBU) Comment: Egypt is a demographically young country and the Egyptian labor pool continues to grow at a rapid rate. Both the GOE and private sector need to address the labor market issues.